

Human Resource Management: A manual for employer and business membership organizations

Tool 4: Performance management



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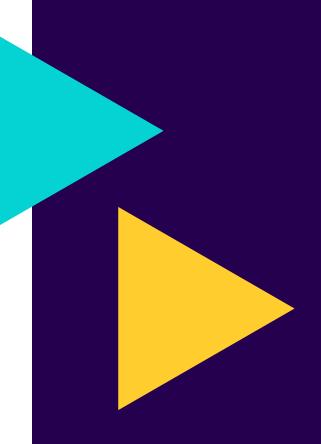
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Foreword

This manual – consisting of seven stand-alone tools – aims to assist employer and business membership organizations (EBMOs) to transition towards more structured, formal and strategic governance measures. The manual contains useful information on the business of human resource management and related best practices for EBMOs, based on real-world examples. Although this publication is not intended as a resource for EBMOs to use in providing guidance to member companies, some of its content can be used for this purpose.

Human resource management bridges the gap between an organization's staff and its executive administration. It enables organizations to tackle human resource issues strategically, supporting them to attract and retain talent and assisting their leaders and employees to adapt to organizational change. Human resource management has a critical role in managing staff and helping EBMOs work effectively and creatively, thereby allowing the organization to better support its members and achieve its mission.

A successful EBMO requires human resource management that is committed to the progress and growth of the organization and the services it provides to its members. Best practices in managing human resources, including practices that adopt a culture of diversity and inclusion, are fundamental for EBMOs, particularly because they should set an example to those they serve and represent. Additionally, an EBMO's board of directors (or executive committee) and secretariat should help identify structural barriers or exclusionary criteria and then help find solutions for eliminating them.

Having a manual of human resource management is also considered a best practice. Thus, this manual encourages human resource teams to pull from it applicable and contextualized portions to create or refine their own manual for better managing the staff within their EBMO.

This tool 4 was produced to assist EBMOs towards improving their productivity and impact by optimizing the effectiveness of their performance management processes and practices. It discusses the need to have a performance management strategy that aligns with the organizational goals and looks at the risks, benefits and goals of the performance management process and how to provide appraisal and feedback to staff.

The tool also offers guidance for informing the development and enhancement of human resource policies in an EBMO and for providing technical support to member companies where an EBMO provides this type of service.

The primary audience for this tool is the EBMO's chief executive officer, senior management and human resource officers. But the language used and guidance offered are also designed to make the information relevant to all EBMO staff members.

Each tool includes additional resources (checklists, templates, examples and/or guidance) that can be adapted by an EBMO when customizing it to their individual needs or for inclusion in their own human resource management manual.

Introduction to the manual

The theory behind human resource management is that staff who are provided with effective administration can more efficiently and productively contribute to an organization's direction, thereby ensuring that it achieves its goals and objectives. Human resource management covers a spectrum of components for creating, managing and cultivating the employer-employee relationship and includes both strategic and comprehensive approaches to managing people, the organizational culture and the workplace environment.

In practice, the role of human resource managers (or the executive with that function) in an employer and business membership organization (EBMO) is to ensure that its most important asset – its human capital – is nurtured and supported through the creation and management of programmes, policies and procedures and by fostering a positive work environment through effective employee–employer relations.

The International Labour Organization's (ILO) Bureau for Employers' Activities recommends that this human resource management manual be adapted and maintained by an EBMO's executives and human resource managers. This manual's intent is to educate and guide the chief executive officer, human resource officers and senior management to a high level of strategic success and achievement in accordance with best practices. The manual an EBMO produces (or updates) should contain relevant information, policies and procedures as a tool to facilitate the improved understanding of good governance, legal obligations and better practices as they relate to managing the organization's human resources.

Each of the seven tools that constitute this manual provides definitions, explanations and resources to improve the management of the human capital within an EBMO. The content also may be of value to EBMOs looking to assist member companies towards improving their human resource management. For an overview of EBMO services in the field of industrial relations and human resource management, please refer to *The Effective Employers' Organization*, a publication from the ILO and its International Training Centre.

The content of this tool is based on relevant best practice at the time of its preparation and was developed with input from the ILO's Employers Specialists working in all regions and from EBMOs of all sizes. The manual takes into account best practices and guidance from human resource industry bodies as well as the practical guides on building and managing an EBMO more strategically and effectively that the ILO's International Training Centre has created.

This publication is not exhaustive. Thus, readers are encouraged to consult the cited resources to improve their knowledge in areas of particular importance or relevance and to adapt the information provided according to the needs and requirements of their particular EBMO and to the legal framework of the country in which the organization operates.



WARNING: When creating strategies, policies and procedures, specific terms and conditions need to be reviewed and updated by an EBMO to reflect actual obligations under national legislation and regulations, contracts of employment or other industrial instruments relevant to each jurisdiction.

How to use the manual

This human resource management manual consists of seven tools, each with its own checklists, examples, templates and other resources. Each tool breaks down a human resource management function, as the table highlights. Collectively, the tools have two purposes: (a) to remind (or inform) human resource officers and upper management of an EBMO of the best practices in managing all staff members of the organization and (b) to offer guidance to EBMOs for developing their own internal guidance in these different areas.

Tool 1. HRM in the organization – Fundamentals

Tool 2. Staffing and recruitment

Tool 3. Benefits and compensation

Tool 4. Performance management

Tool 5. Development and training

Tool 6. Employee relations

Tool 7. Separation practices

First, refer to the definitions and abbreviations section in each tool (located at the back, before the additional resources) to become familiar with the terms commonly used in human resource management, governance and organizational management processes.

Second, review the main portion of each tool, which will take you through the basic elements of a specific function of human resource management. Where possible, examples are included to bring clarity on how to approach drafting and implementing a process, strategy or policy. Take what you need from this section for your own internal guidance for managing human resource (or even the employee handbook) and adapt it to your EBMO and jurisdiction.

Following the various prompts



This mechanical signal highlights advice, guidance or direction to a relevant link.



This magnifier leads to further guidance in the additional resources section.

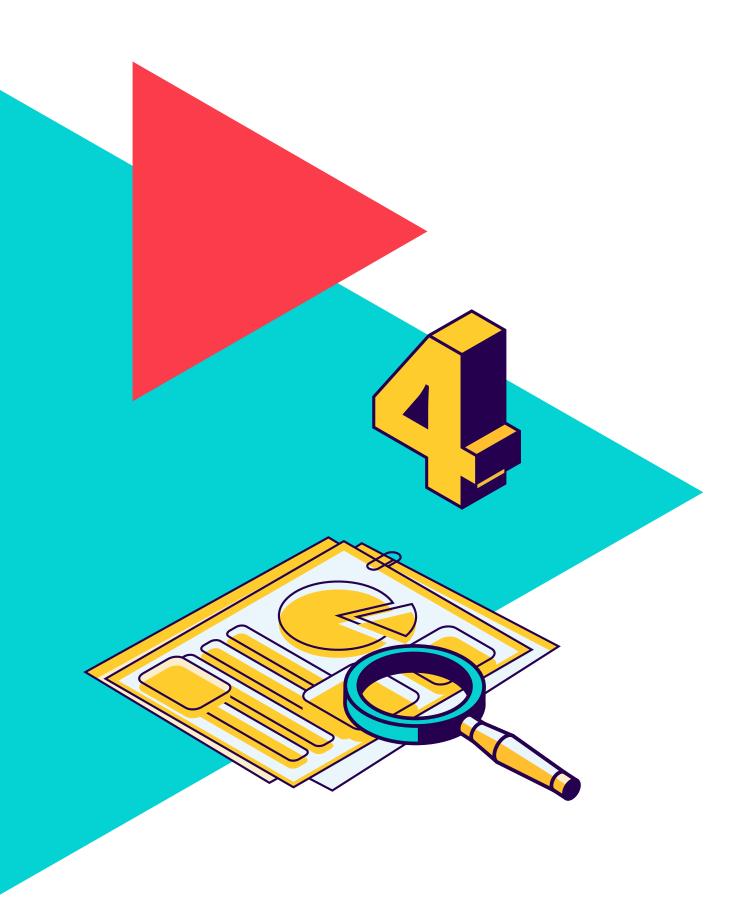


This pointer suggests possible content for your own human resource management manual.

Third, review each tool's additional resources section. The first checklist is a prompt for producing organization-specific documentation, policies and other information for your own human resource management manual. Where applicable, the additional resources include templates and guides for EBMOs to use. Make sure your documents are relevant, up to date and complete – this is important for the validity and accuracy of implementing human resource management functions and ensuring legal compliance.

Fourth, consult the ILO for additional online resources relevant to the tool or subsections for further advice and guidance.

Fifth, as with this manual, the human resource management manual that an EBMO produces ultimately should be a living document, updated as policies and procedures change. Thus, it is best to present your EBMO manual in a loose-leaf format, which will allow pages to be separated or added as required. Ideally, if technology and competency permit, the organization should consider producing an electronic version and printing only when necessary.





Performance management

This fourth tool aims to assist EBMOs towards improving their productivity and impact by optimizing the effectiveness of their performance management processes and practices. It discusses the need for a performance management strategy that aligns with the organizational goals and looks at the risks, benefits and goals of the performance management process and how to constructively provide appraisal and feedback to staff members.

The tool also offers guidance on the development and enhancement of the human resource management strategy and parallel policies considered best practice. And where applicable, it suggests what could be included in an EBMO's own human resource management manual or the employee handbook.



Key points

- ► The performance management process must be continual and based on measurable and agreed goals.
- Performance management responsibilities must also be shared by the individual whose performance is being managed to take ownership of their improvement and accountability.
- Make goal-setting relevant to the job, team and organization.
- Frequent feedback in the process enables issues to be addressed quickly and performance enhanced.

Effective management of employee performance

Performance management is a broad term used to describe the practice that drives decisions about employees' performance, remuneration, promotions, disciplinary procedures, terminations, transfers and business development needs within an EBMO.

While performance management is about measuring, managing and improving the contribution of an individual to the EBMO, it is a much broader concept than performance appraisal or a review process – it aims to improve organizational, functional, team and individual performances.

It is typically used interchangeably with performance counselling. But the difference between the two practices is likely misunderstood. True performance management is about ensuring that employees can unlock or achieve their full potential, whereas performance counselling is about assisting underperforming employees (or functions or teams) to rise to the required standard. The benefit of differentiating between these two practices is that, culturally, performance management has a "bad name" and is often seen as a

way to "manage people out". Thus, it can be culturally useful to differentiate between management and counselling so that an organization can build a culture in which performance management is seen as a positive process.

The chief executive officer and managers are key to performance management and should reinforce the links between organizational and individual goals, providing the feedback that motivates staff, promotes improvement and holds employees to account.



Environment is as critical as an inspiring manager!

There is a model of employees' needs that suggests people are motivated by relationships, autonomy, mastery and purpose, and a good manager uses this approach to motivate their staff. But performance management is not only a manager-led process. It also involves establishing a workplace environment in which individuals and teams take responsibility for the continuous improvement of business processes and their own skills and contributions.

Factors for effective performance management in an EBMO include:

- management participation, where management is responsible for setting performance expectations, providing feedback and instruction and recognizing achievements;
- goal-setting, whereby the organizational culture emphasizes goals and aligning employee performance with the organization's business goals;
- staff learning and development, whereby organizations invest in learning and development, enabling employees to accomplish their goals;
- feedback and coaching, whereby management provides regular performance feedback (important to staff) about what is good, what could be improved and, even more importantly, how employees can evaluate their own work; and
- ongoing conversations, whereby organizations create a culture of continuous discussion about performance, goals, learning and coaching.



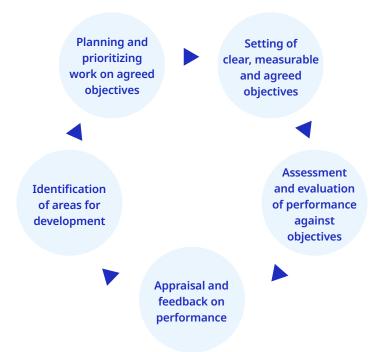
Performance management and the business strategy

Performance management impacts organizational performance by helping the organization promote alignment and collaboration, whereby all staff and teams work together to reach a common goal.

In contrast, the business strategy helps to identify the ideal profile of skills and competencies required by the organization. This information is then used in development planning. Performance management is thus one strategic tool to monitor progress against defined organizational goals.

The performance management process

There are four elements that form the performance management process, as the following illustration depicts. It is a continual cycle - not one-off isolated activities - aimed at ongoing improvement.





Example of an annual performance cycle

i. Performance agreement with employee

A discussion centres on the strategic priorities of the EBMO and an explanation given as to how these strategic priorities translate into goals for the employee. The manager and employee then discuss the goals to be set (using the SMART model). This conversation may involve any support the employee needs to reach the goals.

ii. Mid-year review of employee

The manager meets with the employee to discuss their progress against their performance objectives and any hurdles or roadblocks the employee is experiencing. They review the EBMO's strategic plan and reaffirm how the employee's goals link with the plan. Goals can be updated at this stage. It is also an opportunity to discuss the employee's career development plan.

iii. Performance evaluation of employee

The manager meets with the employee to discuss their goals and what the employee has achieved over the past year. The manager and the employee typically provide ratings of the employee's performance in this meeting. The evaluation is based on factual data as much as possible.

NOTE: Complex ratings systems are not always better because they can focus on "scoring" rather than intrinsic benefits of a performance plan. Complex scoring methods can create greater opportunity for disagreement than a simple "not met, met or exceeded" approach. At this stage it is important to keep in mind the concepts of "procedural fairness" – demonstrate that organizational policies and procedures are being followed – and "substantive fairness" – the employee has been appropriately measured and there is a consistent and considered response to their performance.

Benefits and risks

When planned and implemented correctly, performance management systems can benefit an EBMO by:

- providing personal and professional staff development;
- encouraging critical thinking, agility and creativity;
- motivating staff;

4

- clarifying and reinforcing expectations and accountabilities;
- aligning goals with the organization's vision and mission;
- dealing promptly and efficiently with conduct that does not meet expectations, which can prevent that behaviour from becoming a more serious issue for an EBMO to manage; and
- engaging and retaining high-performing staff.

There are potential negative impacts to performance management:

- Some traditional practices, such as the annual appraisal, are perceived to be outdated (this issue and alternatives are discussed later in this tool).
- ▶ Goals can be specific and challenging but may not always be the most effective approach. Some goals focused on behaviour or learning can be more effective, especially for complex tasks.
- Performance ratings and their purpose should always be clear. Using them for administrative purposes (namely, to inform pay decisions) leads to a different approach than if they are being used to support employee development and performance improvement.
- How staff react to feedback is an aspect to consider. Reactions are influenced by an individual's personality and how they perceive the appraisal (that is, whether it is fair and participatory).
- A performance review can give rise to workplace conflict and possibly even a legal claim. An employee who is not happy with a performance management or counselling process might allege they had been bullied by their manager. If the process is not conducted properly, it can be used by an employee to support an argument that any subsequent dismissal was unfair (in jurisdictions that have unfair dismissal regimes).

Goal-setting process (SMART goals)

Setting performance goals for individuals, departments and the organization is an important aspect of managing performance. Goals can be expressed as targets to be met, ad hoc tasks to be completed by specified dates or achievement of particular standards. They may be directly related to individual, team or organizational key performance indicators.

The goal-setting process helps organizations to implement their business strategy. It involves planning complex and long-term activities, defining individual steps and milestones and monitoring progress. Goals should be SMART (specific, measurable, actionable, realistic and time-bound), challenging and nurturing of staff development.

Performance goals should be fair and valuable to both the organization and individual. Ideally they should:

- be based on work performance and objective outcomes;
- differentiate between high-performing and low-performing staff;
- accurately reflect performance;
- be measured by a supervisor or manager of the employee whose performance is being appraised;
- be based on observations that are documented and related to the job;
- recognize the realities of the work to be performed;
- draw on a clear, well-written position description; and
- be aligned with the organization's strategic and operational goals.

Whatever their nature, goals should be clearly relevant to the overall purpose of the job, team and organization. Staff also need to be committed to them. Targets and objectives tend to have more resonance when staff are involved in the goal-setting process and when these are agreed upon by both the employee and the employee's supervisor or manager.



Making goals SMART

It is not necessary to develop a separate goal or statement for each SMART characteristic. One overall statement supported with indicators is often the more common approach. The examples here illustrate different ways of developing SMART indicators.

Not SMART	SMART
I will organize a national business conference in 2023.	[Specific] We want to deliver a one-day national business conference by Q3 to raise visibility of [EBMO] and, through four sessions on the day, provide a platform to explain to member companies our strategic priorities and policy positions and hear members views.
	[Measurable] No less than 3,000 companies will participate in the event, with priority to ensure representation from each membership segment and an overall increase in participation of 20% compared to last year. To make the conference accessible to member companies unable to join in person, sessions will be livestreamed on social media and at least four major print and non-print media outlets will be invited to cover the event.
	[Achievable] US\$40,000 will be allocated from the organizational budget to support the event, and an Event Committee will be formed to support the planning and coordination. As the event coordinator, I will work with the Event Committee to set milestones and report on progress to ensure that everyone has the information they need, when needed, to fulfil their role effectively.
	[Relevant]: In support of the organizational objective of increasing member engagement in EBMO policy work and advocacy, a one-day business conference will be organized ahead of the national economic conference to provide background on recent policy developments and priority areas and to identify members' recommendations on policy positions to adopt and advocate.
	[Time-bound] To deliver the national business conference by Q3, the Event Committee needs to be established by Q1 with support from dedicated secretariat staffing. By Q2, logistical matters need to be finalized (venue) and registration of participants needs to be under way.
I will improve my lobbying and advocacy skills.	By the end of the next 12-month performance review, I will have used staff development funds to undertake and complete formal training on lobbying and advocacy and have clear evidence of results from having put my new or enhanced skills into action through separate advocacy initiatives in support of our priority areas of skills development and the ease and cost of doing business.
	[Specific] Formal training on lobbying and advocacy; application of new skills; focus on skills development and ease and cost of doing business. [Measurable] Formal training completed (Yes/No); separate advocacy initiatives (number specified). [Achievable] Staff development funds will be used; 12 month period provided for training and advocacy to take place. [Relevant] Advocacy initiatives in support of our priority areas. [Timebound] Twelve months provided to deliver the result.
The two examples here are typical approaches to creating goals, but both are very vague. With this wording, it will not be clear if, when or how the goal has effectively been attained. The statements lack specifics.	As noted, it is not necessary to develop a separate goal or statement for each SMART characteristic. Often, one overall statement supported by indicators will be sufficient. One approach to developing this overall statement is to first identify a goal related to each characteristic and then combine and consolidate them into one statement with the supporting indicators.





Don't underestimate the outsized impact of short-term goals. Specificity is a solid start, but quantifying your goals (that is, making sure they're measurable) makes it easier to track progress and know when you've reached the finish line.

► Kat Boogaard, Productivity, April 2023



See the additional resources section for further explanation on what makes goals SMART.



Performance observations, appraisal and feedback

Performance appraisal involves meetings between managers and their staff on a one-to-one basis at regular intervals (at least annually) to discuss work performance, the execution of roles and responsibilities, the organization's goals and the individual employee's contribution to achieving them. It also includes performance counselling.

Effective performance appraisal relies on the establishment of clear performance standards involving staff discussions and incorporates:

- observing an employee's work behaviour and results and comparing them against agreed standards;
- evaluating job performance and the employee's development potential; and
- acting on the results of the appraisal process (for example, promotion, reward and recognition, counselling, training and termination).

Constructive feedback is always valuable. It is an effective mechanism for improving employee performance. By definition, performance reviews are planned in advance and adhere to a formula. Some reviews become overly formal, placing limitations on what could be a spontaneous, individualized and constructive conversation.

In proactive EBMOs, there is emphasis on ongoing, quality conversations between managers and staff, with feedback regularly provided to employees to boost morale and performance, which, in turn, is likely to lead to employee success.

However, for this approach to effectively replace the annual performance review, EBMOs need to have a culture that facilitates free and forthright discussion about performance.

Irrespective of the approach, an organization should consider the following steps when implementing a performance appraisal system:

- 1. Define the purpose and goals of the programme what can you gain and what issues can be addressed?
- 2. Ensure alignment with the organizational mission, values and goals how does individual performance impact these elements?
- 3. Gain senior management and employee support.
- 4. Choose an appropriate appraisal system and set clear, objective and reasonable performance standards. Consider budget constraints, who will administer the system and how often.
- 5. Implement policies and procedures.
- 6. Train staff (managers and subordinates) and gain buy-in identify who will be involved and what skills are required.
- 7. Have human resource officers monitor and review the programme's effectiveness.

Equally, there are negative elements that a manager or a human resource officer should aim to avoid during a staff assessment or appraisal session, such as: identification bias, under-assessment or over-assessment, contrast bias or first-impression bias.



See the additional resources section for a list and examples of biases and other discriminatory practices to avoid.

Practicalities of a performance counselling process

Best practice suggests that managers should consider the following flow chart of steps when deciding whether a performance counselling session needs to be informal or formal or whether it should lead to a disciplinary outcome. The flow is designed to ensure that employees are aware of the standards that are required of them and thus fair to expect following it. Typically, the human resource function guides these discussions.



Providing constructive feedback

When providing informal feedback on an employee's performance, the language used should be constructive. A best practice is to use the "describe, effect, specify and choose", or DESC, model, as the following illustrates.



Non-constructive	Constructive, using the DESC model
"You are always late. Stop it."	"When you are late [DESCRIBE ISSUE],
	it impacts on the team by making it hard for us to resource appropriately [EFFECT].
	In the future, I would like you to try and be on time and to let me know if you are going to be late [SPECIFY WHAT EXPECTED STANDARD IS].
	If this lateness continues, I may need to have a more formal performance counselling discussion with you and that might have disciplinary consequences [EMPLOYEE THEN CHOOSES WHAT HAPPENS NEXT]."



How you manage a poor performance conclusion is highly important! An example from a large EBMO

In a large EBMO, the manager's induction process includes emphasis that any employee's performance issues must first be discussed with the human resource team. This is to ensure that the team guides the performance discussions, sets out what the appropriate documentation or evidence requirements are and advises on whether the issue should be raised with the employee informally or formally. The human resource team may assist by being present to document discussions between a manager and employee. They will also provide templates for documenting performance issues and agreed measures to address the situation.

Formal disciplinary meetings with employees

An EBMO may use the following four-step process for a formal disciplinary meeting with an employee.

- i. Open and establish. The manager states the purpose of the discussion (both before and at the start of the meeting). The manager explains what is going wrong and talks about the flow-on impact of the situation (on the EBMO, the team and the employee).
- ii. Explore. The manager asks for feedback from the employee and for ideas on how the issue might be addressed. They discuss any hurdles or roadblocks that might be preventing the employee from reaching the required standard, and they assess the meris of any ideas together.
- iii. Agree on a plan. The manager and employee agree on actions by both the employee and the manger, including any support that will be made available to the employee. They confirm how the progress will be measured and confirm the time frame for the next meeting.
- iv. Wrap up. The manager reflects on the points both parties made and restates the next steps. The manager ends with a note of confidence that if the plan is followed, the employee can do well and succeed.
- If, following the informal and formal performance counselling and the disciplinary meetings, an employee's performance or behaviour does not improve, the manager may need to consider a formal disciplinary process. This is discussed in more detail in tool 7 under dismissal process.



NOTE: Good note-taking and record-keeping on every counselling and disciplinary-related conversation between a manager (and/or human resource team) and an employee are essential. The notes may subsequently be relied upon to support disciplinary action up to and including termination of employment.

Definitions and abbreviations

ACTEMP	Bureau for Employers' Activities, which is a specialized unit within the ILO.
Capacity-building	The process of developing and strengthening the skills, competencies, abilities, processes and resources that organizations and communities need to survive, adapt and thrive.
Compensation	The total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the latter during the accounting period. The compensation of employees has two main components: (a) wages and salaries payable in cash or in kind and (b) social insurance contributions payable by employers.
Discrimination	A bias and/or unfair treatment that occurs when a person or a group of people is regarded less favourable than another person or group because of their background or certain personal characteristics. In some jurisdictions, discrimination will have a technical legal definition.
Diversity	Characteristics that make us humans unique, such as our cognitive skills, personality traits, values and workstyles, along with those that shape our identity (such as race, colour, age, gender, religion, political opinion, disability, sexual orientation, cultural background, national extraction and social origin).
ЕВМО	Employer and business membership organization, which is the target audience of this manual.
HRM	Human resource management, which is the practice of administering policies and programmes that optimizes employee performance and advance an organization's business goals. The programmes include employee recruitment, training, compensation, benefits and professional development.
HR manager	Human resource manager, which is the person who leads and directs the routine functions of recruiting and interviewing staff, administering pay, benefits and leave and enforcing company policies and practices.
Inclusion	The process of valuing people's differences to enable everyone to thrive at work.
Inclusive leadership	An authentic leadership style that treats everyone equitably, creates a strong sense of belonging for all staff and supports staff to reach their full potential. It also rules out discrimination, bias and favour based on colour, race and other protected characteristics and allows employees to feel valued for their inputs.

International Labour Organization, which is part of the United Nations system.
Document providing an overview of the tasks, duties, responsibilities, qualifications, competencies and experience required for a particular role.
Key performance indicators, which are measurable values that demonstrate how effectively an organization is achieving organizational objectives and upon which the performance of employees is evaluated (for example, sales per month, customers served and units manufactured).
Knowledge, skills and abilities, which are the proficiencies and competencies required for a particular position or role.
A process used to link junior employees with a mentor in a more senior position to provide coaching, training and development. It can be informal or formalized through meetings and measured outcomes.
A statement that expresses what an organization does to achieve its purpose.
The beliefs, morals, mission and attitudes shared by the organization and its staff.
The process or system by which an organization measures and improves performance within its workforce and incorporates performance, remuneration, promotions, disciplinary procedures, terminations, transfers and development needs.
A formal assessment of an employee's work performance that identifies their strengths and weaknesses, provides feedback and sets goals for future performance. Performance reviews are also called performance appraisals or performance evaluations.
Specific, measurable, actionable, realistic and time-bound, which is an approach for setting goals, targets and objectives.
Persons contracted to work for an organization (or business) in return for compensation. Staff are differentiated from other workers, such as contractors, in that they are an integral part of the organization, which has the legal right to dictate the conditions, hours and manner of work performed.
Organizational policies and practices that are designed to encourage employees to remain employed by the organization.
How an organization defines its purpose and goals beyond the immediate future and the actions set forth to achieve those goals.

Transparency	The process that enables others to see and understand that an organization or business is operating in an honest way. To achieve transparency, an organization (or business) must provide accurate and complete information about its activities and governance to stakeholders in a timely manner.	
Turnover	When referring to employees, a turnover rate is the measurement of the number of employees who leave an organization during a specified time period, typically one year.	
Workplace environment	Encompasses the physical conditions as well as the mental demands, social aspects and support levels between colleagues and management in the workplace.	

Additional resources for tool 4

This section offers a checklist, template and additional guidance for managing employees' performance. This section also can help in either compiling or updating a human resource management manual and the employee handbook.

Where you see "[EBMO]", "[purpose]" or "[xxx]", the idea is for you to insert the name of your EBMO or the appropriate phrasing if you decide to adapt this resource to your own human resource management manual.

Human resource management manual checklist

Prepare for performance management discussionPrepare the EBMO's performance appraisal form

As the next step to producing a human resource management manual for your EBMO, this checklist can
be used to compile the basic documents that should be included.
☐ Develop SMART indicators for competency areas
☐ Develop performance rating scales

Guidance to creating SMART indicators

Most managers and human resource officers are familiar with the SMART approach. But there is no harm in reviewing what goes into making goals SMART.

S - Specific

When setting a goal, be specific about what you want to accomplish. Think about this as the mission statement for your goal. This isn't a detailed list of how you're going to meet a goal, but it should include an answer to the popular "w" questions:

- ▶ Who Consider who needs to be involved to achieve the goal (this is especially important when you're working on a group project).
- What Think about exactly what you are trying to accomplish and don't be afraid to get very detailed.
- When You'll get more specific about this question under the "time-bound" section of defining SMART goals, but you should at least set a time frame.
- Where This question may not always apply, especially if you're setting personal goals, but if there's a location or relevant event, identify it here.
- ▶ Which Determine any related obstacles or requirements. This question can be beneficial in deciding if your goal is realistic. For example, if the goal is to open a baking business, but you've never baked anything before, that might be an issue. As a result, you may refine the specifics of the goal to be: "Learn how to bake in order to open a baking business."
- Why What is the reason for the goal? When it comes to using this method for employees, the answer will likely be along the lines of company advancement or career development.

M - Measurable

What metrics are you going to use to determine if you meet the goal? This makes a goal more tangible because it provides a way to measure progress. If it's a project that's going to take a few months to complete, then set some milestones by considering specific tasks to accomplish.

A - Achievable

This focuses on how important a goal is to you and what you can do to make it attainable and may require developing new skills and changing attitudes. The goal is meant to inspire motivation, not discouragement. Think about how to accomplish the goal and if you have the tools or skills needed. If you don't currently possess those tools or skills, consider what it would take to attain them.

R - Relevant

Relevance refers to focusing on something that makes sense with the broader business goals. For example, if the goal is to launch a new product, it should be something that's in alignment with the overall business objectives. Your team may be able to launch a new consumer product, but if your company is a B2B that is not expanding into the consumer market, then the goal wouldn't be relevant.

T - Time-bound

Anyone can set a goal, but if it lacks realistic timing, chances are you're not going to succeed. Providing a target date for deliverables is imperative. Ask specific questions about the goal's deadline and what can be accomplished within that time period. If the goal will take three months to complete, it's useful to define what should be achieved halfway through the process. Providing time constraints also creates a sense of urgency.

Example SMART indicators for competency areas

The following list of competency areas does not represent all or necessarily the most relevant set of competency areas for an EBMO, nor will all be relevant to your organization or all roles in it. They are shared as examples to illustrate how SMART indicators can be developed to monitor competency-related performance.

Competency areas

Example SMART indicators for performance management

Member orientation

Effectively identifies and meets (internal or external) members', clients' or stakeholders' needs; builds productive member, client or stakeholder relationships; delivers member-centric solutions; takes responsibility for ensuring member, client or stakeholder satisfaction and loyalty.

▶ Employee provides high-quality membership service, resulting in an 85% membership feedback satisfaction rating, an increase in membership retention from the previous 12-month period and at least six new members recruited by the employee in the 12-month performance review period.

Orientation to learning and knowledge-sharing

Continuously develops and updates professional skills and masters new tools; diagnoses development needs and targets learning opportunities; assimilates, applies and shares job-related knowledge in a timely manner.

Employee completes an advanced technical training course to upgrade lobbying and advocacy skills in the 12-month performance review period.

Communication

Communicates in a clear and effective manner, adapting language, tone and style to match the audience; ensures messages are understood; is attentive to others and encourages open, two-way communication.

▶ Employee introduces two new social media tactics and implements them on [EBMO's] Facebook and LinkedIn accounts by the end of the 12-month performance review period. Employee documents the effectiveness of the tactics in terms of users reached, users engaged and new users engaged.

Orientation to change

Remains positive and effective in response to change; adapts to new work methods and structures; thinks "outside the box" and is not bound by current thinking; handles ambiguity.

▶ Employee introduces or adapts a business process that results in demonstratable improvement to operational efficiencies and/or organizational outcomes within the 12-month performance review period.

Takes responsibility for performance

Takes prompt action to accomplish objectives; goes beyond what is required; is proactive; accepts responsibility and accountability; drives own and others' performance.

Employee does not wait for annual performance review but seeks constructive feedback from supervisor and colleagues as a regular part of their work routine.

Competency areas

Example SMART indicators for performance management

Quality orientation

Sets high quality standards; is structured, methodical, systematic and thorough; monitors and maintains quality; addresses quality issues and does not compromise quality standards.

▶ Throughout the 12-month performance review period, the employee measures the impact of advocacy through pre-defined indicators and revises strategy and approach based on analysis of the results, sharing insights to inform the work of other team members.

Collaboration

Establishes strong interpersonal relationships and builds internal and external networks; promotes cooperation, supporting others and sharing the credit for achievements; accepts consensus views. ► Employee expresses an opinion and contributes in each of the monthly review meetings conducted in the 12-month performance review period.

Sensitivity to diversity

Is sensitive to and adapts own behaviour to accommodate the differences found in diverse work environments; treats all individuals and groups fairly and with respect, irrespective of cultural background, gender, religious belief, age, sexual orientation, marital status, physical disability or political conviction.

▶ Employee undertakes segmented analysis of membership data and research findings to develop and implement tailored recommendations for different groups.

Integrity and transparency

Upholds social, ethical and [EBMO's] norms and values; firmly adheres to the code of conduct and ethical principles; behaves consistently and is open, honest and trustworthy; acts without consideration of personal gain.

Based on evidence that the employee has complied with, put in place measures to mitigate the potential for real or perceived self-interest, conflicts of interest, lack of transparency, etc.

Performance rating scales

Rating scales are used to evaluate employees' performance in competency areas. An EBMO should prepare a consistent scale for rating performance across each competency area and for an overall assessment. Supervisors need to make clear to employees what is considered an acceptable rating in each area, which rating will result in or contribute to reward or recognition and which rating will result in corrective or disciplinary measures being implemented.

A common rating scale used by many EBMOs:

- **Does not meet expectations (1 point):** Needs significant improvement in some or most areas.
- **Somewhat meets expectations (2 points):** Often meets expectations but needs improvement in some areas.
- ▶ **Meets expectations (3 points):** Strong, solid performer who meets expectations and occasionally exceeds expectations.
- **Exceeds expectations (4 points):** Strong, solid performer who consistently meets expectations and often exceeds expectations.
- **Outstanding (5 points):** Consistently performs above all that is required; makes unique contributions and achieves exceptional accomplishments.

Guidance for performance management plan discussions

The performance management plan discussion offers a valuable opportunity to focus on work activities and goals and to consider what is going well and what can be done better. This is an opportunity to have a constructive two way discussion about the future by setting goals and planning an employee's development.

Prepare for the discussion:

- Arrange with the employee a time and place that is convenient for both of you. Do this several days in advance, at a minimum. Confirm the time and place in writing.
- Provide the employee with the appropriate performance management plan for the employee's position. Prior to the meeting, ask the employee to write down any information that they feel may be pertinent to a discussion of the areas on the form.
- Preview the employee's job description and any written records or materials relevant to the employee's past performance, including recommendations or goals from the last performance management plan appraisal meeting. If the employee's job description and/or position questionnaire is not up-to-date, consult with the human resource team.
- Prepare an overview of the areas you plan to cover with the employee and reflect on the intended outcomes of your discussion with your employee.

Leading the discussion:

- Select a place that is private and quiet, where you will not be interrupted.
- Establish an open, friendly, non-threatening atmosphere in which both parties can express themselves freely.
- ▶ Be aware of any feelings, attitudes or issues of your own that may be influencing your reactions to the employee and be tuned-in to possible reactions from the employee.
- ▶ State why the discussion is taking place (even though you both already know).
- Explain how the discussion will be handled and what role each of you will have.
- Emphasize the importance of two-way communication and listen intelligently, understandingly and skilfully to the employee's point of view throughout the meeting.
- Constructive feedback discussion ask the employee to provide feedback. This is an opportunity for both supervisor and employee to develop strategies that contribute to positive outcomes, a better work process, improved performance or behaviour. Be specific and relate your feedback to the role.
- Examine the points and information that have been identified during the discussion. Try to agree on what performance, if any, should be done differently. It may not be possible to reach total agreement on all points, but it is important that you both reach an understanding of the other person's views.
- ► The supervisor may schedule a mid-term progress meeting and/or the employee may request an update meeting in the future.

Developing recommendations

Together with the employee, identify any performance changes required as well as learning and development opportunities for the next performance planning period. The following areas should be considered:

- What steps the employee can take to build on their strengths.
- ▶ What specific steps can be taken to address opportunities for improvement.
- ▶ How much improvement in specific areas of performance should be achieved and within what time frame.
- ▶ What can be done if problems are encountered in achieving these goals between now and the date of the next discussion.
- What support the supervisor or manager can provide to help the employee successfully complete their action plan.
- Record each specific recommendation on a form.

Progress review

The objective of the performance management policy is to provide ongoing feedback, coaching and support to employees. Often this can be done on an informal basis. In some cases where there are particular concerns regarding performance and/or development, it may be valuable to schedule a time for a follow-up discussion to review progress on the action items identified in the performance management plan.

- Discuss any issues that have been encountered and what can be done to resolve them. The purpose of the progress discussion is to maintain the employee's
- motivation and to keep the goals realistic.
- Emphasize your availability for continuing support, guidance and resources.
- ▶ Work with the employee to identify and access the most relevant development opportunities.

Ongoing communication with the employee

A fundamental component of successful coaching and performance management is regular communication between the supervisor and the employee. Building effective work relationships is essential to achieving desired results. Regular two-way communication between the employee and supervisor helps build this relationship.

- ▶ Brief discussions should take place whenever appropriate. Formal sessions should be scheduled at least once during the performance management plan period to discuss what is going well and what can be improved.
- ▶ Use these sessions to describe rather than evaluate performance. Inquire about any changes in the work situation since the previous discussion and review any learning and/or development plans that were agreed as part of the process. Determine if there are any obstacles blocking success.
- Ask about resources that the employee may need to accomplish their objectives.
- Acknowledge accomplishments during this period. Discuss new priorities in the organization so the employee can refocus efforts, if appropriate.
- Modify the employee plan document to reflect any changes.
- ▶ It is important for both parties (supervisor and employee) to maintain open communication to keep each other informed of work progress and work together to resolve problems if they occur. It is far better to resolve problems before they become less manageable.
- A principle that encourages employees to accept constructive feedback is to be "hard on the problem and soft on the person". The focus should be on correcting the problem or behaviour, not on chastising the employee. The performance management planning discussion is an assessment of performance and should not be punitive. If effective performance management is occurring, this meeting will not be, nor should it be, the time an employee hears about performance issues.
- ▶ A useful motto for the performance management plan discussion should be "no surprises". Through this approach, you can reduce the likelihood of the employee becoming emotional or resistant during the meeting.
- Strive to provide continual feedback concerning expectations and performance. When things are going well, discuss how and why this is so. When things are not going well, discuss what needs to be done to make them right. When an employee is not doing things properly, get together and plan what needs to be done to correct the matter. If there is a performance gap, help the employee understand the cause and the action necessary for correction. Support plans for professional development.

Source: See Supervisor Guidelines.

Performance appraisal template

This form should be completed by the appraiser (manager or supervisor) during the performance appraisal meeting. It should be signed off by both the manager or supervisor and the employee at the end of the appraisal meeting or shortly thereafter.

Department:
Date employment commenced in current position:
Appraiser Position:
Period of performance assessment (3, 6 or 12 months):
Review of objectives or action plan carried out since last meeting? Y/N

Review from last meeting

Relevant circumstances or changes that have prevailed in the review period (market or industry, organizational, departmental, personal):

Objective or action required	Comments	Agreed rating	
		☐ Excellent☐ Very Good	☐ Satisfactory ☐ Unsatisfactory
		☐ Excellent☐ Very Good	☐ Satisfactory ☐ Unsatisfactory
		☐ Excellent☐ Very Good	☐ Satisfactory ☐ Unsatisfactory
		☐ Excellent☐ Very Good	☐ Satisfactory ☐ Unsatisfactory

Performance appraisal - Key performance indicators

Key performance indicator (the agreed goals or outcomes)	Comments	Agreed Rating	
		☐ Excellent ☐ Satisfactory ☐ Very Good ☐ Unsatisfactory	y
		☐ Excellent ☐ Satisfactory ☐ Very Good ☐ Unsatisfactory	y
		☐ Excellent ☐ Satisfactory ☐ Very Good ☐ Unsatisfactory	y
		☐ Excellent ☐ Satisfactory ☐ Very Good ☐ Unsatisfactory	y
		☐ Excellent ☐ Satisfactory ☐ Very Good ☐ Unsatisfactory	y
Additional comments:	Additional comments:		

Performance appraisal - Approach to work

Attitude Requirement	Comments	Agreed Rating
For example, flexibility in assisting outside normal duties and hours when needed or when change occurs		☐ Excellent ☐ Satisfactory ☐ Very Good ☐ Unsatisfactory
For example, cooperation with other team members or department manager to complete tasks		☐ Excellent ☐ Satisfactory ☐ Very Good ☐ Unsatisfactory
For example, degree of initiative shown in making decisions in order to complete tasks		☐ Excellent ☐ Satisfactory ☐ Very Good ☐ Unsatisfactory
Additional comments:		

Performance appraisal – Development planning

Personal development plan - Summary of what training and development would assist in current or future	re
development. Note methods that would be most appropriate and agree on action and time frames.	

Objectives for next review	Training or support required	Measurement and timing

Performance appraisal - Final comments

Appraiser (manager/supervisor) comments:			
Signed:	Date:		
Employee comments:			
Signed:	Date:		

Biases to avoid when conducting performance appraisals

Much of the biases highlighted here are also pitfalls when recruiting a new employee to fill a vacant position. They are repeated here as a reminder that these biases as well as the discriminatory tendencies also cited can impact an assessment of an employee's performance in their role. It is important to be aware of these biases and discriminating impulses and to consciously work to avoid them.

1. Identification bias

This is a tendency to rate people higher if they are similar to us – or rate them lower if they are not. The differences or similarities that influence a manager's rating decision can be of any sort, for example, values, interests, preferences and cultural background.

Example: Employee A is a big fan of blues music. Employee B is a fan of electronic music and is indifferent to blues music. Their manager is a big fan of blues music and hates electronic music. The manager listens to the same artists and visits the same clubs as employee A. The performance of both employees is identical, but employee A receives a somewhat higher rating because the manager identifies more with employee A than with employee B ("This person listens to good music, they must be a good worker.") In other words, the manager has fallen victim to identification bias.

It is difficult to avoid this kind of bias because there is a human tendency to identify with those who are similar to us. As long as humans are assessing others, there will be such bias. However, a manager should be aware of this kind of bias and strive to focus on results and to leave personal preferences aside.

2. Propensity to over-assess

This is a tendency to be too generous with an appraisal and rate people more highly than they deserve.

Example: A manager declares, "I will rate employees higher than their actual performance merits. It will motivate them to try harder and improve their performance in the next appraisal period." In some cases this may work, but in other cases it might have the opposite effect and backfire: "Oh, I have worked half-heartedly, and I still got a good performance appraisal. Next time I can afford to work even less because it seems that underperformance does not affect the appraisal."

Being overly generous with an assessment undermines respect for the performance appraisal. It is also a sign of a weak manager who is reluctant to confront employees about their underperformance.

3. Propensity to under-assess

This the opposite of the above: a tendency to be too stringent and rate people lower than they deserve.

Example: "Nobody is perfect, and so no one deserves the top mark" is a typical example. However, if no one deserves a top mark, then it would appear that the goals were set too ambitiously.

4. Memory bias

This happens when a manager is overly influenced by a past performance that colours the judgment of the current one. In this case, a manager is observing a period that is longer than the performance appraisal period.

Example: "Employee A was a good performer in the last appraisal so I will give them good marks this time too, although the current results do not justify it." Or the other way around: When a previously bad performer is given a bad rating even when their performance has improved.

The performance appraisal covers a specific period, and the rating should focus only on the performance in the observed period. No previous credit (positive or negative) should affect the current assessment.

5. Recent bias

This refers to a rating based only on recent events, without consideration given to the performance over the entire assessment period. This is the opposite of memory bias. In this case, a manager bases the rating on a period that is shorter than the performance appraisal period. The observed period should always be the same as the performance appraisal period for there to be an objective performance appraisal.

Example: "Employee A has made some mistakes in the past few weeks. I will disregard their good performance in the remaining 11 months and give them a bad rating." Again, there is a good reason why a performance appraisal covers a specific period, and the performance spanning the entire period should be taken into account when rating an employee.

6. Attribution bias

This refers to when a manager considers that a failure to meet set objectives is entirely the individual employee's fault, without taking into account external factors and using limited information to make judgments. With attribution bias, success is attributed to external factors.

Example: "You are not successful because you are a poor performer. When you are successful, it is because I am a good manager." But the reality is quite the opposite. If there is a poor performer in the team, it is the manager's job to handle the issue of underperformance as befits the managerial role. Accordingly, while successes may be individual achievements, failures will always be the fault of more than one person.

7. Generalization bias

This applies when a manager generalizes performance across the team (department or unit) and does not recognize an individual performance as something that is to be rated in an individual performance assessment. Such bias prevents a manager from realizing that even in a badly performing team, there are good performers and vice versa.

Example: "This team has done well, so everybody in the team should be given high marks." Or, "This department has failed to achieve its goals, so everybody gets a low mark." This kind of generalization is another example of "what not to do". It enables the "free riders" (underperformers who ride on the back of their more successful colleagues) to continue on as usual and demotivates the strong team performers. An employee performance appraisal must be focused solely on the individual, not the team. Team or department appraisals should address the issues of team performance.

8. Contrast bias

This happens when an evaluator's appraisal of an employee is affected by the assessment they have just given to another employee.

Example: An employee whose assessment follows immediately after a top performer's assessment might receive a lower rating than they otherwise would have received purely because of the contrast made with the previous person. In this case, an employee is "punished" only for being unlucky enough to have their performance assessed right after that of an employee deemed to be an excellent performer. This is one more reason why objective employee assessment criteria are vital.

9. First-impression bias

This happens when a manager bases their final assessment on first impressions garnered in the assessment process, which can disproportionally affect the final appraisal results.

Example: At the start of the assessment process, an employee makes a positive first impression and the manager decides that they deserve a high mark. When the final stage of the assessment reveals a somewhat different picture, the manager fails to make the necessary adjustments because their decision has already been made.

10. Mediocracy bias

This occurs when a manager assigns a middle ranking to all employees. No one is graded as an excellent or a poor performer. No one stands out, but all are equal in their mediocracy. This is similar to generalization bias, but in this case, no team member is lifted up or dragged down by a team's performance but instead given, like their colleagues, a middle-of-the-scale ranking.

Example: The manager reasons: "I don't want to upset anybody by saying that they were below average. Nor do I want to single out someone who has a superior performance. So, I will play it safe and give everyone a middle-grade mark and everybody will be happy."

11. Confirmation bias

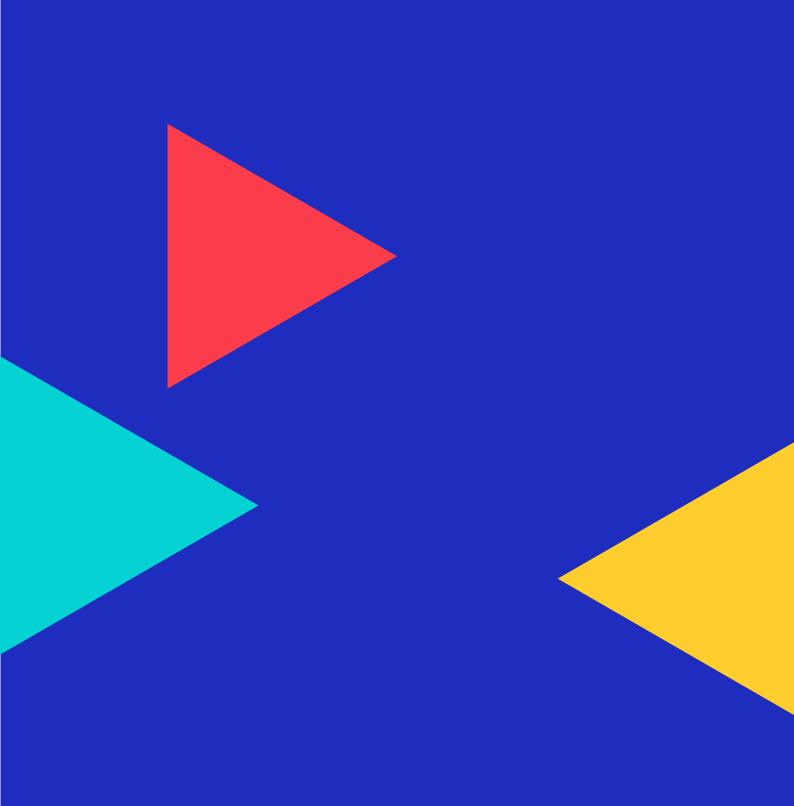
This is a tendency to pay attention to information confirming our preconceptions and ignore or discredit information that does not.

Example: Managers who Google an employee and find their social media page or find information that leads them to assume the employee is a "party animal" and then connects this to their performance.

12. Status quo effect

This is a tendency to prefer things that allow a situation to stay the same. In performance management, this can translate into a tendency to prefer people who "fit the mould".

Example: Highly valuing skills and characteristics of an employee may lead a manager to overlook deficits in their performance.



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